

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00

EB-04 INR-05 NSAE-00 RSC-01 FAA-00 PM-03 NSC-05 SP-02

SS-15 L-01 SSO-00 NSCE-00 INRE-00 /051 R

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TO AMEMBASSY BONN IMMEDIATE

INFO USMISSION BERLIN IMMEDIATE

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C O N F I D E N T I A L STATE 229176

E.O. 11652:GDS

TAGS: PFOR, ETRN, WB, US, UK, FR

SUBJECT: AEROAMERICA APPLICATION

REF: BONN 16232

1. WASHINGTON ATTORNEY ROBERT HAUSMAN, REPRESENTING AEROAMERICA (HE ALSO REPRESENTS MODERN AIR) CALLED AT DEPARTMENT OCTOBER 15 TO DISCUSS AEROAMERICA APPLICATION. HAUSMAN ALLEGED THAT IT HAS BEEN CAB POLICY FOR SEVERAL YEARS NOT RPT NOT TO ISSUE ANY SUPPLEMENTAL CARRIER CERTIFICATES BECAUSE EXISTING SUPPLEMENTAL CARRIERS WERE FINANCIALLY TOO WEAK TO FACE ADDITIONAL COMPETITION. THEREFORE, TO REQUIRE CAB SUPPLEMENTAL CARRIER CERTIFICATE TO FLY TO BERLIN WAS TO IMPOSE REQUIREMENT WHICH WOULD BE CONFIDENTIAL

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IMPOSSIBLE FOR AEROAMERICA TO MEET UNDER ANY CIRCUMSTANCES. HAUSMAN ALSO ARGUED THAT CAB CERTIFICATE IS NOT NECESSARILY INDICATIVE OF FINANCIAL STRENGTH OF AIRLINE SINCE CAB IN PAST HAS OCCASIONALLY ISSUED CERTIFICATIONS FOR SPECIFIC PURPOSE OF SHORING UP FINANCIALLY WEAK AIRLINES. HAUSMAN ARGUED THAT IN ANY CASE FAA PART 121 COMMERCIAL CARRIER CERTIFICATE, WHICH AEROAMERICA POSSESSES, IS BETTER EVIDENCE OF AIRLINES RELIABILITY THAN CAB CERTIFICATE SINCE IT SHOWS THAT AIRLINE CAN FULLY MEET US GOVERNMENT'S RIGID SAFETY REQUIREMENTS AND THAT IT POSSESSES FINANCIAL WHEREWITHAL TO SUSTAIN SAFE OPERATION.

2. DEPARTMENT HAS SINCE CONFIRMED THAT CAB HAS NOT IN FACT ISSUED NEW SUPPLEMENTAL CARRIER CERTIFICATIONS FOR SEVERAL YEARS. DEPT HAS CONCLUDED, THEREFORE, THAT FOR TIME BEING AT LEAST FAA SECTION 121 COMMERCIAL CARRIER CERTIFICATE SHOULD SERVE AS GOVERNMENT STANDARD OF SAFETY AND FINANCIAL RESPONSIBILITY TO BE TAKEN INTO CONSIDERATION TOGETHER WITH OTHER PERTINENT FACTORS BY CAA IN ORDER TO DETERMINE ACCEPTABILITY OF US FLAG CARRIER.

3. USCAA SHOULD NOT, THEREFORE, TAKE ACTION DESCRIBED PARA 2 REFTEL, BUT SHOULD IMMEDIATELY TABLE AEROAMERICA APPLICATION WITH ALLIED CAA'S TOGETHER WITH STATEMENT OF USG SUPPORT FOR APPLICATION. SHOULD ALLIED CAAS RAISE QUESTION OF NATIONAL GOVERNMENT CERTIFICATION, USCAA SHOULD ADVISE UK AND FRENCH CAAS THAT CAB CURRENT

PRACTICE OF NOT ISSUING SUPPLEMENTAL CARRIER CERTIFICATES FOR NEW CARRIERS ENTERING AVIATION MARKET MAKES THIS REQUIREMENT UNREALISTIC AT PRESENT. CAA SHOULD ALSO NOTE THAT, IN OUR VIEW, FAA SECTION 121 CERTIFICATE IS FULLY ADEQUATE NATIONAL GOVERNMENT AIRWORTHINESS CERTIFICATE COVERING BOTH SAFETY AND BASIC FINANCIAL ASPECTS OF AIRLINES ABILITY TO CARRY OUT ITS OPERATIONS. WE WOULD ACCORDINGLY EXPECT PROMPT TRIPARTITE APPROVAL OF AEROAMERICA'S APPLICATION, BEARING IN MIND AEROAMERICA'S NEED TO OBTAIN AUTHORIZATION BY OCTOBER 28.

4. SHOULD ALLIED CAAS CONTINUE TO CHALLENGE AEROAMERICA'S CONFIDENTIAL

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ABILITY TO PERFORM BERLIN CHARTER SERVICE, USCAA MAY, AS FALLBACK POSITION, EXPRESS WILLINGNESS TO AGREE TO CAA AUTHORIZATION FOR AEROAMERICA TO OPERATE BERLIN AIR SERVICES ON PROBATIONARY ONE YEAR BASIS. THIS WOULD PERMIT AEROAMERICA TO FULFILL 1975 CHARTER SEASON CONTRACT WHICH IT HAS BEEN AWARDED ON TENTATIVE BASIS BY BERLINER FLUG RING. AT END OF ONE YEAR PERIOD, CAAS COULD THEN

REVIEW AEROAMERICA'S RIGHT TO CONTINUE SERVICE.

5. SHOULD UK OR FRENCH CAA STILL BE UNWILLING TO APPROVE AEROAMERICA APPLICATION ON THIS BASIS, USCAA MAY EXPLORE WITH THEM ON STRICTLY INFORMATIONAL BASIS, AND WITHOUT MAKING ANY COMMITMENTS, THE TYPE OF ASSURANCES THEY FEEL ARE NEEDED AS EVIDENCE OF AEROAMERICA'S ABILITY TO PERFORM SATISFACTORILY AS SUCCESSOR TO MODERN AIR IN BERLIN CHARTER MARKET.

6. ON RELATED ISSUE, CAA SHOULD PRESS FOR ALLIED APPROVAL

OF OCTOBER 23 AEROAMERICA PUBLIC RELATIONS DEMONSTRATION FLIGHT. SHOULD CAA'S GRANT APPROVAL OF THIS FLIGHT BEFORE TAKING ACTION ON QUESTION OF APPLICATION TO OPERATE REGULAR CHARTER SERVICES OUT OF BERLIN, USCAA SHOULD MAKE CLEAR WHEN NOTIFYING AEROAMERICA OF APPROVAL OF OCTOBER 23 FLIGHT THAT THIS APPROVAL DOES NOT NECESSARILY IMPLY APPROVAL OF APPLICATION TO FLY FULL SERIES OF CHARTERS. KISSINGER

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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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